

**State of Nebraska
Department of Labor**
CAP Monthly Progress Report
For Period ending July 2011

Submitted August 22, 2011

Audit Finding No. 24-09-553-03-001 Finding Number 3 (08-23-03) - Allowability and Cash Management (Pages 109-110)

In July, NDOL FSD ensured staff understood the process setting up business units. This training including following set procedures to make sure all items were followed. Please see Business Unit set up procedures and Business Unit Set Up . A special code was added to the E-1 to generate a list of current business units in order to make the information more meaningful and concise, since every business unit since the inception of E-1 was appearing on all reports as the cleanup of old business units has not been completed.

NDOL FSD has developed procedures for the two type of draws, benefits and administrative. The benefit procedures were submitted last month. Attached are the procedures for the administrative draws and the review process.

As reported last month, we are in the process of having Grant Authorizations checks in the system for most of the business units. Although all of the new business units were set up with budget authority caps, some of them have had to be removed for WIA due to the backlog of cleanup efforts caused by the old business units. In July we finished the moves from Jan – June for WIA program and Admin. See attachment GX caps and Revenue to Expenses.

[Guide to Business Unit Set Up](#)
[Documentation of Business Unit process](#)
[Business Unit list agency use 25](#)
[Treasury draw down procedures](#)
[PMS draw review](#)
[GX caps](#)
[Revenue to Expenses](#)

Audit Finding No. 24-09-553-03-001 Finding Number 5 (08-23-05) - Reporting Pages (Pages 113-114)

A template was established to pull in the information based on CFDA numbers. NDOL spoke with the auditors, and determined it could separate out ARRA and Non ARRA in E-1. Although there are other adjustments we must work through due to the disconnect of BPS and E-1. It is important to not duplicate nor underreport the transactions which appear in BPS and E-1. The attached template, SEFA report template, should aid in the process. NDOL FSD also developed policies and procedures on capturing the needed information for the SEFA report. The procedures explains where to obtain the source documentation as well as how to fill out the template. See attached SEFA procedures.

In the previous two years the directions to obtain the UI portion of ARRA were not tested by NDOL FSD. The Controller and the UI Lead Accountant met with IT to develop the parameters for the report which breaks out the amount of ARRA. This was based on conversations NDOL had with US Regional office employees. NDOL FSD

has stressed the importance of having the data underlying the actual numbers so it can go through a financial review. Presently NDOL FSD has not obtained the specifications for the report, although a request has been sent.

[SEFA template](#)
[SEFA procedures](#)

Audit Finding No. 24-09-553-03-001 Finding Number 6 (08-23-06) - Reporting/WIA (Pages 114-116)

NDOL FSD has not been successful in having our independent area reconcile the draw request back to their reports. NDOL FSD had sent out a reconciliation after a conference call with independent area financial persons. The local area is considering ways to capture the accruals in some manner. The resolution was NDOL FSD did process the draws although NDOL FSD did not process them on the invoice amount, but rather based on the amount which were used for the 9130's reporting purposes. NDOL did send out the template to the local area in question to provide a reconciliation method to the entities general ledger.

Audit Finding No. 24-09-553-03-001 Finding Number 7 (08-23-07) - Period of Availability/WIA (Pages 116-117)

The moves from January – June 2011 and the other moves for any new business units which may have housed expenses for prior to 09 have been completed. NDOL FSD is able to take full advantage of the budget capabilities of E-1. These new business units have two important functions: budgets are established by entering the authorized amounts; and a cap or limit on the authorized amounts is put into place. Authorized amounts are being tied to the NOA and any subsequent issuances when there are additional funds available. These instruments are scanned and housed within the E-1 system where available documentation of our authorized amounts or budgets now resides.

See attachment Business Unit Authorization.

[Business Unit Authorization](#)

Audit Finding No. 24-09-553-03-001 Finding Number 11 (08-23-11) - Allowability/WIA (Pages 121-122)

Concluded with the local area monitoring of case files. A staff training and development session will be conducted with staff on August 23, 2011, to review OET Policy 06-2009, and appropriate methods of documenting the attempts to recover WIA resources.

Audit Finding No. 24-10-554-03-010 Finding Number 1 (09-23-01) - Allowable Costs/Cost Principles (Pages 112-118)

NDOL has access to the new consultant DAS has contracted with. Several projects have had functional specifications prepared on them. Although several projects from the first consultant did not have functional specifications prepared on them, and therefore the projects were not in production correctly, the new E-1 consultant developed the specifications based upon the business user requests. The first consultant prepared them

without a scope document. The new E-1 consultant has been helpful in ensuring the correct data should be pulled into the report. All allocations were finished for the FY11 year. NDOL FSD has not contacted DHHS as a way of simplifying our allocations. Due to the delay in obtaining a new consultant, the fiscal year had begun and without a clear understanding of underutilized capabilities NDOL FSD has delayed contacting DHHS. See attachment for example of functional documentation.

[Functional Design Document](#)

Audit Finding No. 24-10-554-03-010 Finding Number 2 (09-23-02) - Allowable Costs/Cost Principles (WIA/UI/ES) (Pages 118-120)

NDOL HR staff perform cursory reviews of staff time cards during the pay period to ensure accurate, after-the-fact time reporting.

NDOL has formalized the time card review process by implementing a Time Card Audit Procedure. This process outlines quarterly audit procedures and requirements (see Attachment - Time Card Audit Procedures).

NDOL has completed and documented the results of the first quarterly Time Card Audit (see Attachment - Time Card Audit July 2011). The results of the Audit indicate that staff are in compliance by recording time accurately and after-the-fact, and supervisors are maintaining documentation on approved leave and overtime. Where a formula is applied, the audit process confirms the approved methodology is being applied.

[Time Card Audit Procedure](#) [Time Card Audit July 2011](#)

Audit Finding No. 24-10-554-03-010 Finding Number 3 (09-23-03) - Allowable Costs/Cost Principles (WIA/UI/ES) (Pages 120-123)

NDOL FSD is reworking how the RUC distribution is completed and how updates will be handled. After meeting with Centralized Accounting from the State as well as the E- 1 consultant, the decision to set up two businesses to handle indirect and direct costs for our facilities will be implemented. This way the changes to each contract will not require updates to a manual process, but rather will be handled automatically through two separate allocations one for direct charges based upon hours and the resource rooms will be based upon some updated indirect method. This allocation should be completed in the next couple of weeks, and will ensure the accuracy of the allocation for our locations throughout the state of Nebraska.

Audit Finding No. 24-10-554-03-010 Finding Number 8 (09-23-08) - Allowability and Cash Management (WIA) (Pages 132-134)

NDOL FSD staff met with the E-1 consultant and walked him through our understanding of the cash issue described below. Although this would work from an encumbrance standpoint it would automatically require the cash to post the encumbrance at the time of the encumbrance. This causes NDOL concern as it seems this is an issue from a cash management standpoint.

Research:

- Purchase orders create an encumbrance at the time of order entry. (A valid financial obligation for a fiscal period for which appropriations are reserved to meet that financial obligation.) Purchase orders

automatically create a record in the "PA" Encumbrance Ledger. No manual ("PB" Encumbrance Ledger) work around is required. We can encumber at the time of the purchase order creation to multiple funds.

- E1, through account distribution, allow funds to be distributed across multiple G/L Accounts. This functionality allows NDOL the ability to define multiple expense accounts and multiple funds and multiple business units for a single procurement line item. This process automatically encumbers funds at the time the Purchase Order line is created and the funds are distributed.
- When a purchase order line has account distribution, the system creates the AE, (Automatic Entry) against the fund for the first line of coding. When the purchase order is received, cash will settle between the fund of first line of coding and any other funds involved rather than settling at the time of payment.
- This process is currently not being used by NDOL. Additional options are being looked at to compensate for this artificial cash request.
- NDOL reviewed the Grants process; Y document types. The Grants process uses account distribution, automatically encumbers funds at the time the purchase order is created, and rolls over purchase orders at the end of each fiscal year. However there is an issue in that it impacts cash sooner, at time of receipt not at time payment which may cause a cash flow issue. Possible work around include a change in the work flow, or a process whereby the receipt rests in pending until it due for payment.

Due to the delay in the consultant, we have not trained staff as although we know E-1 system capabilities, we do not have a solution to the system limitation in having to draw the funds at time of encumbrance. Attached is the training document for the multiple fund encumbrances titled Account Distribution.

[Account Distribution](#)

Audit Finding No. x-x-x Finding Number 4 (10-23-04) - Allowability and Eligibility (Pages 136-138)

The local area is finalizing a policy outlining the procedure for determining direct client planned obligations (accrued expenses). This policy outlines, that during the Planned Obligations process, specific steps must be taken to track and indicate Pell eligibility for WIA clients.

[GN Planned Obligations Directions](#)
[GN Training Budget Form](#)
[Draft Policy, Client Planned Obligations](#)

Audit Finding No. x-x-x Finding Number 9 (10-23-09) - Suspension and Debarment (Pages 150-151)

NDOL currently verifies vendors and all subrecipients receiving more than \$25,000 to ensure they are not suspended or debarred from receiving federal funds by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA). Copies of all queries are retained by NDOL.

In accordance with NDOL's Procurement Suspension & Debarment Policy (see Attachment - Procurement Suspension & Debarment Policy), at the beginning of each Fiscal Year (FY), the Office of Financial Services runs a report from the general ledger listing payments over \$25,000 made to vendors and subrecipients during the prior FY and provides it to the Office of Administrative Services Procurement section to perform an annual verification of compliance. On July 28, 2011, the annual verification was performed for the fiscal year ending June 30, 2011 (see Attachment - Suspension and Debarment Audit FY 2010-2011).

[Procurement Suspension & Debarment Policy](#)
[Suspension and Debarment Audit FY 2010-2011](#)

Additional Requirement Number 1: Recording and Reporting Obligations

Update: This issue was discussed. NDOL working with DAS resources will develop a timeline to gain an answer for this issue. NDOL, FSD staff met with State Procurement and E1 personnel on June 10, 2011, to explain our issues. NDOL FSD staff met again and they have confirmed open commitment are registered when the purchase order is first set up. NDOL could use the obligations off the system without a manual work around such as the Geo Solutions invoice. As stated before, NDOL FSD staff had booked by way of journal entry the encumbrance for the Geo Solutions invoice. As stated previously there is a problem with this, DAS would like all encumbrances or commitments to be off the system at year end. However it does seem if NDOL use the correct line item coding for the split or shared costs, the encumbrance would pull into the system. There is also another option currently being investigating. There is a grants process which would allow encumbrance of funds at receipt; however the receipt would in essence need the cash immediately regardless of payment date. This process is currently not being used by NDOL. Additional options are being looked at to compensate for this artificial cash request.

Additional Requirement Number 2: Cash Management

On the independent local area Omaha subrecipients are tied to the respective expenditures. For the independent area of Lincoln NDOL has been successful in obtaining further documentation. However, NDOL has not obtained any type of reconciliation to the data provided from the general ledger.

Additional Requirement Number 3: Accounting Staff Vacancies

NDOL has had three permanent positions in process. The Accountant I for UI had over 100 resumes come in, NDOL has been able to get down to the top dozen or so. The Accountant II preliminary phone call screens will start in the next week and the top candidates will be selected once the process is complete.

NDOL has posted and closed the position for the Assistant Controller. An additional screening of those candidates was done and there are twelve qualified candidates, with whom phone interviews will be set up.

NDOL FSD has three open temporary positions due to job offers, pregnancy etc. We have filled one of the project team's lead with Accountant II from UI as he will be replaced with a permanent position. We are waiting permission to hire the Federal Aid Administrator from DAS.

Once the above positions are hired, the strategy is to hire permanent budget personnel. The Controller will work with our compliance staff to develop a Personnel Description Questionnaire for the top compliance position.

Additional Requirement Number 4: Correction 9130 Reports for October 30, 2010 and December 31, 2010

In order to refile the reports for September 30, 2010 NDOL has requested the reports are re-opened. NDOL has sent the required information to USDOL Regional Office.

Additional Requirement Number 5: Cost Allocations

NDOL FSD is working to gather the information requested by Ronald Goolsby for USDOL. Due to year end processing and the 9130, NDOL was unable to provide a dedicated person to this project. FSD will dedicate one resource person exclusively to pull all information from the system in the week after next.

Additional Requirement Number 8: Overspent WIA Youth Funds in Greater Nebraska

Appropriate Greater Nebraska Area WIA youth charges were identified to be counted as adult expenses (pursuant to the 198 co-enrolled youth/adult participants). These identified expenditures were transferred from youth expenses to adult expenses. The expenditure transfer affected PY10 Youth, PY10 Adult and ARRA Adult funds. The expenditures were identified between January 2011 and June 2011. Greater Nebraska coordinated with the NDOL Finance Division to conduct the transfer and monitor its impact on the Greater Nebraska Area WIA program. The Greater Nebraska WIB Executive Committee participates on monthly conference calls with the NDOL Finance Division to receive updates and progress reports on the status of Greater Nebraska WIA financials. All youth have been co-enrolled in NEworks, the NDOL report and tracking system for WIA.

FSD has moved all approved amounts, however, there was still a shortage, due to invoices coming in after the proposal for expensed incurred prior to the date. NDOL is working with Program personnel and the additional expenditures are to be reallocated based on co-enrollment. The focus for the last month has been to move all Jan – June expenditures to the correct business units. This will allow NDOL FSD to obtain a clear picture of the additional liabilities which need to be recognized as Greater Nebraska Youth Funds. NDOL FSD will review the data with Program in order to properly record the expenditures.

Additional Requirement Number 9: NEworks

Preparations for PY2010 Fourth Quarter Federal Reports began mid June. The reporting period dates were updated in NEworks, wage records were requested from Nebraska Unemployment Insurance and Wage Record Interchange System (WRIS), and wages were imported into NEworks for the data validation files. During the week of August 2, a file was submitted to the Data Reporting and Validation Software (DRVS) for Wagner Peyser and WIA to identify problematic records. There were nineteen rejected 9090 WIA records, one rejected 9002 Wagner Peyser record and two rejected 9002E records. An initial submission of the TAPR was also completed the week of August 2 and only three records were rejected needing further review.

Additionally, NDOL shortened the staff edit lockdown days in NEworks from 90 days to 30 days. The lockdown time frame is the window of time staff has to enter activity information in participant records. The shorter lockdown period stresses the importance of timely and accurate information in the State MIS system. Staff privileges in NEworks allow them to create records but once eligibility is determined and participation begins in WIA or TAA, no edits are allowed. Any corrections to the record after participation must be submitted to the NEworks Systems Administrator for completion. All requests require approval at the local and or regional level and state level.

Additional Requirement Number 10: OJT NEG Grant

During this report period, NDOL provided the following technical assistance to the local areas:

NDOL participated by phone conference call with the Greater Nebraska OJT-NEG field staff and management. These phone calls identify issues, concerns, and progress associated with the implementation of the OJT-NEG Grant. These conference calls occurred on July 11, 18, and 25, 2011.

On July 15, 2011, NDOL met with the Greater Omaha OJT-NEG field staff. The OJT-NEG contract and forms

were discussed; the necessary forms needed concerning the OJT-NEG were identified.

On July 28, 2011, NDOL hosted a meeting by conference call with all the local area grant managers and field staff to discuss the current progress on obtaining the goals set. Issues and best practices concerning the implementation of the OJT-NEG grant were also discussed.

Semi-monthly progress reports for each local area and the state are provided to Ms. Rochelle Bradley, ETA Region V. These reports are attached.

Ten additional individuals have been enrolled during the month of July.

[Goals, Lincoln, 7.31.2011](#)

[Goals, Tri-County, 7.31.2011](#)

[Goals, Greater Nebraska, 7.31.2011](#)

[OJT-NEG State Semi-Monthly Report](#)